

Padiyatalawa Pradeshiya Sabha

Ampara District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 07 June 2012 and the financial statements for the preceding year had been presented on 01 April 2011. The report of the Auditor General for the year under review was forwarded to the Chairman of the Sabha on 21 February 2013.

1.2 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Padiyatalawa Pradeshiya Sabha had maintained proper accounting records for the year ended 31 December 2011 and except for the effects on the financial statements of the matters referred to in my report, the financial statements have been prepared in accordance with the Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Padiyatalawa Pradeshiya Sabha as at 31 December 2011 and the financial results of its operations and cash flows for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following observations are made.

- (a.) The total recurrent expenditure for the year under review was Rs.7,955,280 as per votes ledger. However, the amount shown in the Income and Expenditure Account was Rs.7,674,181. As a result, the total expenditure had been understated in the accounts by Rs.281,099.
- (b.) The recurrent income for the year under review was Rs.6,636,366 as per Register of Income. However, a sum of Rs.7,032,196 had been accounted in the Income and Expenditure Account thus overstating the revenue of the year by Rs.395,830.
- (c.) The stamp fees for the year under review amounting to Rs.18,000 and the arrears of stamp fees amounting to Rs.48,400 as at 31 December 2011 had not been accounted for.
- (d.) Court fines of the previous year amounting to Rs.27,250 had been accounted as revenue of the year under review. The court fines for the year under review was Rs.281,555. However, a sum of Rs.101,167 had been entered in the financial statements thus understating the revenue from court fines for the year under review by Rs.180,388. Further, the court fines of Rs.207,639 receivable as at 31 December 2011 had not been accounted for.
- (e.) Stocks valued at Rs.114,240 continued to be shown in the financial statements for many years. But, such a stock was not physically existent.

1.3.2 Lack of Evidence for Audit

(a.) Unreplied Audit Queries

Replies for 05 audit queries had not been furnished by 11 April 2013. The value of transactions subjected to those queries were valued at Rs.925,999.

(b.) Non-rendition of Information to Audit

 Transactions totalling Rs.34,427,331 could not be satisfactorily vouched in audit due non- rendition of necessary information to audit.

2. Financial and Operating Review

2.1 Financial Results

 According to the financial statements presented, the recurrent expenditure exceeding the revenue of the Sabha for the year ended 31 December 2011 was Rs.641,985 as compared with the recurrent expenditure exceeding the revenue of the preceding year amounting to Rs.1,043,722

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

 The information relating to the estimated revenue, actual revenue and arrears of revenue for the year under review as presented by the Chairman appears below.

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
-----	-----	-----	-----
	Rs.	Rs.	Rs.
(i) Lease Rent	1,453,700	1,003,675	225,995
(ii) Licence Fees	525,000	355,700	-
(iii) Service Charges	422,000	441,500	-
(iv) Warrant Charges and Fines	336,000	163,542	-
(v) Other Revenue	154,000	149,657	24,115

2.2.2 Court Fines and Stamp Fees

The amount receivable as at 31 December 2011 from the Chief Secretary of the Provincial Council and other authorities are shown below.

	Rs.
(i.) Court Fees	207,639
(ii.) Stamp Fees	48,400

2.2.3 Recovery of arrears of other Revenue

- (a.) The Sabha had not taken action to recover the arrears of other revenue (beef stall tax) of Rs.24,115 shown in the accounts from 2005 to the year under review.
- (b.) Action had not been taken to recover the arrears of stall rent of Rs.118,820 as at end of the year under review.

3. Systems and Controls

Special attention of the Council is needed in respect of the following areas of systems and controls.

- (a.) Accounting
- (b.) Revenue Administration
- (c.) Assets Management